

# Hunter Smith & Davis LLP

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**Attorneys At Law**

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**PLEASE RESPOND TO:**

KINGSPORT OFFICE

**WRITER'S DIRECT DIAL NUMBER:**

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KPOW-Z.73261

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Kingsport Power Company (dba American Electric Power),  
Proposal to Revise Terms and Conditions of Service

Dear Mr. Waddell:

In connection with this matter, please find enclosed one original and thirteen conformed copies of the above referenced proposal including Exhibits A, B & C. Also, please find our check in the amount of \$25.00 for filing same. We have enclosed an additional copy which we would appreciate your returning when it has been time-stamped as received by your office. We have enclosed a self-addressed stamped envelope for this purpose.

With kindest personal regards, we are

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



T. Arthur Scott, Jr.

Enclosures

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July 12, 2002

**Via Federal Express**

**DOCKET NO.**

02-00796

**PAID T.R.A.**

Chk # 041593

Amount 25.00

Rcvd By JK

Date 7-15-02

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July 12, 2002

cc: James R. Bacha, Esq. w/encl.  
Barry Thomas, w/encl.  
Garry Simmons, w/encl.  
Tom Stephens, w/encl.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**IN RE:       KINGSPORT POWER COMPANY (dba AMERICAN ELECTRIC POWER),  
              PROPOSAL TO REVISE TERMS AND CONDITIONS OF SERVICE**

**NOTICE OF PROPOSED CHANGES TO TERMS AND CONDITIONS OF SERVICE**

Kingsport Power Company (dba American Electric Power) ("AEP") pursuant to Rule 1220-4-1-.06(1) hereby notifies the Tennessee Regulatory Authority of its intention to change the terms and conditions of the service portion of its tariff to be effective August 14, 2002. The existing tariff sheet, marked to show the proposed changes, is attached as collective Exhibit A to this notice. The proposed new tariff sheet is attached to this notice as Exhibit B.

1.     **The Proposed Change.** The proposed change to the existing tariff is to provide for additional methods by which customers may elect at the customers individual expense, to pay their electric power bill.

2.     **Reasons for Proposed Change.** When the original terms and conditions of service were filed as part of the tariff with the Authority and its predecessor, the Tennessee Public Service Commission, the principal methods of payment of electric power bills were by mail or by walk-in payments at the company's office in Kingsport, Tennessee. Over time, customers have expressed an interest in being able to pay by a number of other methods, including credit cards and by arrangements with their banks. AEP desires to accommodate provisions for the convenience of customers where it does not impact costs to other customers or to AEP. AEP believes that the current terms and conditions as set forth in Exhibit A need clarification to accommodate these additional payment methods. Furthermore, the company no longer operates a walk-in payment center in its service territory.

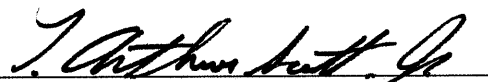
3. **Fees.** No fees that are charged under the alternative go to AEP. Any billings for fees come directly from the party providing the alternative payment arrangement.

4. **Customer Costs.** The implementation of the requested change will not impact positively or negatively the charges to any customer.

5. **Explanation.** Attached hereto as Exhibit C is an explanation of the program currently in place in other parts of the American Electric Power System. This is the program that would be implemented under this change in tariff.

Respectfully submitted,

**KINGSPORT POWER COMPANY  
(dba AMERICAN ELECTRIC POWER)**

By: 

Counsel:

T. Arthur Scott, Jr., Esq.  
Attorney for Kingsport Power Company,  
d/b/a American Electric Power  
BPR: 000749

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1 Riverside Plaza  
Post Office Box 16631  
Columbus, Ohio 43216

## TERMS AND CONDITIONS OF SERVICE

### APPLICATION

A copy of the tariffs and standard terms and conditions under which service is to be rendered to the customer will be furnished upon request at the Company's office and the customer shall elect upon which tariff applicable to his service his application shall be based.

A written agreement may be required from each customer before service will be commenced. A copy of the agreement will be furnished the customer upon request.

When the customer desires delivery of energy at more than one point, a separate agreement will be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable tariff.

### DEPOSITS

A deposit or suitable guarantee as security for the payment of bills may be required of the customer at any time or from time to time before or after service is commenced. The Company will pay interest on deposits so made in accordance with legal requirements. The Company will not pay interest on deposits more than one month after discontinuance of service to the customer. Retention by the Company, prior to final settlement of any deposit or guarantee is not payment or part payment of any bill for service. The Company shall have a reasonable time in which to read and remove the meters and to ascertain that the obligations of the customer have been fully performed before being required to return any deposit.

### PAYMENTS

Bills will be rendered by the Company to the customer monthly in accordance with the tariff selected applicable to the customer's service with the following exception:

Residential customers shall have the option of paying bills under the Company's equal payment plan (Budget Plan), whereby the total service for the succeeding 12-month period is estimated in advance, and bills are rendered monthly on the basis of one twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced. The normal equal payment period will be 12 months, commencing in any month selected by the Company.

In case the actual service used during any equal payment period exceeds the bills as rendered on the equal payment plan, the amount of such excess shall be paid on or before the due date of the bill covering the last month of the equal payment period in which such excess appears. If the customer discontinues service with the Company under the equal payment plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the equal payment plan during such period, the amount of such overpayment shall, at the option of the Company, either be refunded to the customer or credited on his last bill for the period.

If a customer fails to pay bills as rendered on the equal payment plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

All bills are payable either by mail, checkless payment plan, electronic payment plan, through authorized collection agencies, or by other payment methods acceptable to the Company. Any fees charged by third party vendors for providing payment services are the responsibility of the customer.

All bills are payable at the business offices or authorized collection agencies of the Company within the time limits specified in the tariff. Failure to receive bill will not entitle customer to any discount or to the remission of any charge for non-payment within the time specified. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart. In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the customer will be billed for such period on an estimated consumption based upon his use of energy in a similar period of like use.

The tariffs of the Company contain a provision to allow a discount if the account of the customer is paid within the time limit specified in the tariff applicable to his service.

Issued: October 30, 1992

By: Michael J. Holzaepfel, R. Daniel Carson, President  
Kingsport, Tennessee

Effective: November 3, 1992

Pursuant to an Order in

Docket Number 92-04425

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**TERMS AND CONDITIONS OF SERVICE****APPLICATION**

A copy of the tariffs and standard terms and conditions under which service is to be rendered to the customer will be furnished upon request at the Company's office and the customer shall elect upon which tariff applicable to his service his application shall be based.

A written agreement may be required from each customer before service will be commenced. A copy of the agreement will be furnished the customer upon request.

When the customer desires delivery of energy at more than one point, a separate agreement will be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable tariff.

**DEPOSITS**

A deposit or suitable guarantee as security for the payment of bills may be required of the customer at any time or from time to time before or after service is commenced. The Company will pay interest on deposits so made in accordance with legal requirements. The Company will not pay interest on deposits more than one month after discontinuance of service to the customer. Retention by the Company, prior to final settlement of any deposit or guarantee is not payment or part payment of any bill for service. The Company shall have a reasonable time in which to read and remove the meters and to ascertain that the obligations of the customer have been fully performed before being required to return any deposit.

**PAYMENTS**

Bills will be rendered by the Company to the customer monthly in accordance with the tariff selected applicable to the customer's service with the following exception:

Residential customers shall have the option of paying bills under the Company's equal payment plan (Budget Plan), whereby the total service for the succeeding 12-month period is estimated in advance, and bills are rendered monthly on the basis of one twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced. The normal equal payment period will be 12 months, commencing in any month selected by the Company.

In case the actual service used during any equal payment period exceeds the bills as rendered on the equal payment plan, the amount of such excess shall be paid on or before the due date of the bill covering the last month of the equal payment period in which such excess appears. If the customer discontinues service with the Company under the equal payment plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the equal payment plan during such period, the amount of such overpayment shall, at the option of the Company, either be refunded to the customer or credited on his last bill for the period.

If a customer fails to pay bills as rendered on the equal payment plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

All bills are payable either by mail, checkless payment plan, electronic payment plan, through authorized collection agencies, or by other payment methods acceptable to the Company. Any fees charged by third party vendors for providing payment services are the responsibility of the customer.

All bills are payable within the time limits specified in the tariff. Failure to receive bill will not entitle customer to any discount or to the remission of any charge for non-payment within the time specified. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart. In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the customer will be billed for such period on an estimated consumption based upon his use of energy in a similar period of like use.

The tariffs of the Company contain a provision to allow a discount if the account of the customer is paid within the time limit specified in the tariff applicable to his service.

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Issued:  
By: R. Daniel Carson, President  
Kingsport, Tennessee

Effective: \_\_\_\_\_  
Pursuant to an Order in  
Docket Number \_\_\_\_\_

## EXHIBIT "C"

### Background

For the past three years, Tulsa National e-Money Systems, a subsidiary of Tulsa National Bancshares, Inc., has contractually provided customers in Oklahoma, Arkansas and Louisiana a method by which their monthly electric bill payment could be remitted by telephone using a credit or debit card, or checking or savings account ACH transfers.

In February 2002, this payment option was extended to customers in Ohio, Virginia, Kentucky, Indiana and Michigan. West Virginia customers became eligible in March. Tennessee customers are currently not permitted to use either the credit card or debit card feature (They are permitted only to remit payments from checking or savings accounts).

The following advantages are offered by this contractual relationship with e-Money:

- Guaranteed delivery of tendered funds to AEP
- Transmission of payment records to AEP each business day
- The ability to initiate payments 24 hours a day, seven days a week for enrolled customers; extended vendor customer services hours for new enrollees

### Payment Option Plan Procedures

The customer contacts the vendor at a toll free number to enroll in this service. Depending on the payment option chosen, the customer will provide the following information:

- credit/debit card information (VISA, MasterCard or Discover) or checking/savings account information
- name, address, and telephone number
- electric account number
- date of payment
- payment amount

After the transaction has been completed, the customer will receive a transaction ID number as proof of payment. This number can then be used to have service restored or prevent service disconnection.

Payments are debited from the customer's checking or savings account the day after the payment is initiated. Credit card payments are posted to the customer's credit card account upon authorization of the payment (same day). Payments received by the vendor prior to 1:00 p.m. EST during normal business days will post to the customer's electric account that evening. Those remitted after 1:00 p.m. EST, on a weekend, or on a holiday will post on the next AEP business day.

Additionally, each business day AEP transmits a file to the vendor that includes the electric account number and account balance information for each enrolled customer. In subsequent months, the enrolled customer can use the vendor's automated phone message service (VRU) to receive their current electric account balance, verify the method of payment, and pay their bill.

The customer is under no obligation to pay this way every month. This payment option provides them additional flexibility when needed and offers them the opportunity to retain control over how and when their payment is made.

EXHIBIT "C"  
(cont.)

Fees

When paying from the customer's checking or savings account, there is a \$.50 convenience fee per transaction. Debit and credit card transactions have a \$4.95 convenience fee for each initial payment up to \$300. An additional \$4.95 is charged for each incremental \$300 paid. None of these fees are remitted to AEP, but are retained by the vendor. AEP pays an enrollment fee to the vendor for each new customer using this service. This is invoiced monthly.

This fee structure is consistent throughout AEP's service territory. Tennessee customers will pay the same fees as other AEP customers.

Notification of Fees

Notification of the exact amount of the convenience fee to be paid (and the fee schedule) occurs several times during the telephone call prior to the fee actually being charged. The customer is also advised that the payment and fee will appear separately on the monthly credit card or bank statement. The customer is given the opportunity to discontinue the call if they do not agree with the fee being charged.

The basic fee schedule for using this optional payment method is included on each customer's monthly electric statement and it appears on AEP's website.

Amendments and Petitions

To date, only Tennessee has required an amendment to tariff to implement the use of credit and debit cards.